



## **Office of the Mayor**

### **NEWS RELEASE**

**August 23, 2007**

**3:30 p.m.**

### **City begins first wave of abandoned house demolition**

*Contact: Mikki Dobski, Director of Communications & Special Projects, 235-5855 or 876-1564, Catherine Toppel, Director of Code Enforcement, 235-9486, or Jeff Gibney, Interim Director of Community and Economic Development, 235-9371*

Mayor Stephen J. Luecke, joined by city officials and neighbors, watched as wrecking crews today began to clear a blighted and abandoned house, marking the first step toward revitalizing neighborhoods experiencing distress from derelict properties.

Demolition crews mobilized on the city's west side at a vacant property at the corner of Jackson and Huron streets, where machinery tore into the boarded-up, one-story, asbestos-tiled structure.

"Today's action means there is one fewer dangerous structure in the city with one more place of hope where new development will help revitalize our neighborhoods," Luecke said. "When this step is multiplied 400 times over the next three years, it will represent a dramatic turnaround for our city as a whole. Removing these blights will help stabilize good neighborhoods that experience distress because of a few negligent property owners."

Luecke and city officials previously gathered May 29 to introduce the three-year, \$6.825 million strategy to reduce South Bend's vacant houses by more than one-fifth, with most of the focus aimed at reducing abandoned houses by 72 percent. The comprehensive strategy includes the demolition of 400 derelict houses and the revitalization of 45 distinctive properties in targeted neighborhoods.

After 12 weeks of legal and financial preparation, the demolition phase of the city's vacant and abandoned housing strategy experienced a knock-down beginning – the first of about 100 demolitions that will occur in 2007. The Department of Code Enforcement on July 19 awarded contracts totaling \$81,701 for the demolition of abandoned houses on 16 properties, which also included the demolition of three garages, one shed and one

fence. The initial 16 demolitions come from all segments of the city, with nearly half occurring on the southeast side. Costs average about \$5,100 per property.

This wave of demolitions is being funded entirely by the department's 2007 demolition budget – resources that will be increased more than six-fold as a result of the city's new three-year vacant and abandoned housing initiative.

“We're pleased that this concentration of resources to address the problem of abandoned houses will enable us to make a visible impact in all city neighborhoods,” said Catherine Toppel, director of code enforcement. “We're ready to ramp up demolition dramatically in the coming months with targeted resources from the vacant and abandoned housing strategy.”

Code Enforcement officials will open bids again in September on the next wave of demolition, which will be funded entirely by \$500,000 in reprogrammed federal Community Development Block Grant funds that were released to the city in late July for this purpose. The funds were originally assigned to Community and Economic Development projects, but remained unspent after the projects were completed under budget. CDBG resources will allow for about 15 to 20 demolitions per month for the next three years.

“By using Community Development Block Grant funds only for demolition, there's no income requirement associated with those properties,” Toppel said. “The city can sell those properties to developers, adjacent homeowners or neighborhood groups without income limitations.”

There now are 116 properties on the department's list of abandoned properties that have cleared all legal hurdles for demolition. None of the properties is owned by the city, but Code Enforcement has obtained authority to demolish the properties because of their unsafe conditions as regulated by the Indiana Code.

The overall demolition list features properties from each quadrant of the city, although the more than two-thirds occur west of Michigan Street. Here are the properties and percentages represented in each quadrant (with Washington and Michigan streets serving as the dividing lines):

- Northwest – 50 properties – 43 percent
- Southwest – 31 properties – 27 percent
- Southeast – 21 properties – 34 percent
- Northeast – 13 properties – 11 percent

Structures are scheduled for demolition in eight of South Bend's 11 ZIP codes. Two west side ZIP codes – 46628 and 46619 – account for nearly half of the 116 properties, while a south-central ZIP code, 46613, has 20 percent of all structures scheduled for demolition. Here is the number and percentage of properties represented in each ZIP code:

- 46601 (central city) – 9 properties – 8 percent
- 46613 (south central) – 23 properties – 20 percent
- 46614 (far south side) – 1 property – less than 1 percent
- 46615 (east side) – 3 properties – 3 percent
- 46616 (northwest, east of Portage) – 11 properties – 9 percent
- 46617 (northeast) – 12 properties – 10 percent

- 46619 (west side) – 22 properties – 19 percent
- 46628 (northwest, west of Portage) – 34 properties – 29 percent

In addition, there are two blocks – the 500 block of Cleveland Avenue and the 200 block of North Studebaker Street – where multiple demolitions are anticipated.

While the demolition of derelict properties represents a tangible end to urban blight, most of the public comment about the abandoned and vacant housing strategy has focused on the \$1 home initiative. In the first weeks after public announcement of the strategy, hundreds called the city or the nonprofits that will administer the program, seeking to be placed on the list of prospective homebuyers.

Unlike previous federal programs, the city's \$1 home initiative is open to buyers from all income levels. Prospective homeowners must agree to live in the house for at least five years and would need to prequalify for a mortgage to cover the renovation costs – initially estimated at a maximum of \$75,000, but later acknowledged to be specific to each property (and perhaps as little as \$40,000). Although there may be instances when homebuyers would have the skills to do the renovations themselves, the pace and extent of renovations required suggest that professional contractors will perform most of the \$1 house renovations in order to complete the work within one year of the closing date.

On Aug. 3, the city's Redevelopment Commission adopted contracts with three nonprofits to administer the \$1 home program. The nonprofits – the Near Northwest Neighborhood Inc., Northeast Neighborhood Revitalization Organization and South Bend Heritage Foundation – are in the process of acquiring 15 total properties. They anticipate publicizing the specific properties as early as next month with credit-qualified raffles for each property as early as October to select the eventual \$1 home buyers. For more information, contact the NNN at (574) 232-9182, the NNRO at (574) 235-9675 or South Bend Heritage Foundation at (574) 289-1066.

Vacant and abandoned housing is a nationwide problem with such properties accounting for about 15 percent of the area of the typical large city, more than 12,000 acres on average, according the Brookings Institution. South Bend has 621 houses that are both vacant and abandoned, according to a May 2006 survey by the city's Department of Code Enforcement. They represent 28 percent of all vacant houses throughout the city.

The city distinguishes between vacant properties – which have no code enforcement violations and up-to-date taxes – and abandoned properties. Vacant properties that don't have activity for three months are considered abandoned.

This strategy's plan to end the abandonment of 445 houses would represent a reduction of 72 percent of the city's 621 abandoned houses. Of the overall figure of 2,183 vacant homes, it represents a reduction of 20.4 percent. The effort grew out of City Plan, the city's 20-year comprehensive plan based on resident input, and is one of five directives Luecke issued to staff in his 2007 State of the City address.